

# Poor theory, driving delusional thinking, is resulting ...

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It struck me overnight that there us at the heart of this government's policy paradoxical and incoherent choice.

Let's assume there are just three big issues it has to address. They are Covid, Brexit and climate change. Their approach is different in each case, and always wrong.

In the case of Covid the assumption implicit in the so-called road map from Boris Johnson is that it is possible to maintain an equilibrium position with regard to a pandemic. In other words, the belief is that vaccines will let us live with a virus that neither goes away, but does not grow exponentially. It is presumed that  $R$  will be 1 and that as a result we will, somehow, settle into an equilibrium that lets us jog along with deaths of 400 or so people a day, which it is believed that the NHS will manage and people will accept.

But this is not how viruses work. They don't reach equilibrium positions. They either die out, because the opportunity for them to reproduce or mutate is denied to them, or they grow. They just don't stagnate. You either eliminate them, or accept the rather ghastly consequences.

The government is not trying to eliminate Covid. Instead it is pretending that we can live with it, aided by a vaccine that will always lag mutations. The result is foredoomed to failure in terms of the management of the disease, because the policy can only likely deliver an  $R$  of greater than 1.

And, in terms of the economy, the assumption that there will be a return to normal, implying equilibrium in economic terms has been restored, will see the rapid withdrawal of government support schemes. Economic collapse is likely as a result. Economic equilibrium is itself an absurd concept, but what it has to assume is a return after disruption to the optimal point from which we came. February 2020 was not optimal. And almost no one is in the same position that they were then. The result is that equilibrium without support cannot be achieved. The assumptions underpinning next week's budget are almost bound to be wrong as a result.

Then there is Brexit. Officially we are now in a new equilibrium. We have left. The appointment of David Frost to manage post-Brexit relationships with Europe is a sure sign that there will be no change to what has been negotiated; he will not be revisiting his own homework. So we supposedly now know the new rules and must live with them.

But we also know those new rules do not work for a great many reasons. There is tolerance for the idea of confusion in transition. Equally, there is awareness that the impediments that Brexit has created will mean some industries closing, others moving to Europe and significant increased costs for others. The winners are very hard to spot. But in all this government policy is denial. On Brexit there isn't a roadmap to equilibrium. There is instead a pretence that the new state of bliss already exists, barring one or two easily resolved bumps.

But no one is fooled. The official claim is only supported by lies. Those are obvious, blatant and offensive. The government hope is that, like Covid deaths, the economic casualty rate from Brexit will come to be accepted as the new normal, to be tolerated as the status quo. And yet in this case it has still hardly begun. The impact is still sufficiently unknown for any acceptance of anything about Brexit as being normal to be possible. The denial that there is an issue to manage, implicit in government behaviour, that is only maintained by continuing deliberate misinformation, is not a sustainable policy, let alone a strategy at all. It is simply pretence.

That is the approach also taken in the third issue, which is climate change. Here the assumption is that the market will create an equilibrium. The presumption is that rational people who know that the world is in peril will change their behaviour in response to ensure that the catastrophe will be avoided. This, of course, is what standard right wing thinking suggests: the invisible hand will guide us to a solution. But we know this does not work, for two reasons. The first is that we would not be in this state if the market worked, but it does not because it does not price externalities. And second, if the market was going to react we would clearly be seeing signs of that when there is almost no evidence of that happening, at all. So the belief that a market based equilibrium will arise is false.

In all three cases the government is using a bankrupt economic phenomenon, of equilibrium, to drive policy. The approach is different in each case. On Covid there is a false attempt to impose equilibrium that is doomed to failure. On Brexit there is a false pretence that equilibrium already exists. And in the case of climate there appears to be a belief that it will all happen anyway when it is already apparent that it will not.

The net outcome? Poor theory, driving delusional thinking, is resulting in dire management. It's not a good mix.